1853

# CONSIDERATIONS

ON THE

# PRESENT CALAMITIES

OF

# This KINGDOM, &c.

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176

BRITISH MUSEUM

# CONSIDERATIONS

ON THE

PRESENT CALAMITIES

OF

K. Ireland

# THIS KINGDOM;

AND THE

CAUSES of the DECAY

OF

# PUBLIC CREDIT

WITH

*The Means of* RESTORING *It.*

DUBLIN:

Printed and sold by the Bookfellers and Newshawkers.

MDCCLX.

# CONSIDERATIONS

ON THE

PRESENT CALAMITIES

OF

THIS KINGDOM;

AND

CAUSES OF THE DECAY

OF

PUBLIC CREDIT.

WITH

Some Observations

UPON

DUBLIN:

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M DCC LX.

# CONSIDERATIONS.

NOTWITHSTANDING the repeated Wounds which PUBLIC CREDIT hath ſuſtained in this Kingdom, within theſe few Years, none other than Remedies merely temporary have ever yet been applied or even ſought after; which infatuated Neglect has proceeded from a ſtrong, tho' falſe-grounded Prepoſſeſſion, That none other than the late unreſtrained Syſtem of private Banking Companies could be formed, that would be equally capable of contributing that Aſſiſtance to our Trade, which is almoſt univerſally held to be neceſſary for its Subſiſtance, from a Paper Subſtitute for Money. To examine the Solidity of the Foundation of this Opinion, I ſhall firſt briefly ſketch out the Method in which the Banking-Buſineſs of this Kingdom has been carried on, —— and then proceed to point out the Inconveniencies attending it, and which muſt continue to attend, the ſame Method, in future: —— And, laſtly,

ly, I ſhall propoſe to the Conſideration of the Reader, ſome Hints for a more ſalutary Species of Banks.

The Nature of Banking-Buſineſs in this City, has been for Gentlemen, generally poſſeſſed of good Fortunes, and ſome poſſeſſed of very large Ones, to open an Office for the receipt of all the Caſh that ſhould be offered them, for which they exchanged their Notes or Receipts; which Money being generally left with them a conſiderable Time, and their Notes paſſing, on their Credit, as Caſh, they applyed this Money by lending to others at Intereſt, ſo as to make a Profit thereby, to recompence themſelves for the Trouble and Expence attending their Buſineſs; a ſmall Part in a Method uſeful to the Publick, the diſcounting of the Notes of Traders, but the much greater Share in a Channel extremely injurious to Society, *viz.* that of lending large Sums on Mortgages of Eſtates, * Securities of ſuch a Nature, that, from the great Delay that attends the converting them into Caſh, are extremely improper for thoſe who are intruſted with the public Money, for a precarious Time, to meddle with — but the

* I muſt except from this general Charge the Bank of Meſrs. FINLAY and Co. which has been in Effect a Diſcount Office and conſequently uſeful.

the Inducements to this Method are ſo many and ſo inviting, to thoſe who prefer their private Intereſt to that of the Community, that I can almoſt excuſe thoſe of our Bankers, (who did not firſt ſet out with a deſigned Purpoſe of raiſing their own Fortunes, let the Riſk to the Publick be ever ſo great) for falling into it, from the Conſideration, that this Principle has a moſt general Influence on Mankind, and ſuggeſts many flattering Arguments to palliate the Evils of its Dictates. —— One of the Motives to the purſuing this Method is, that it is attended with much leſs Trouble, than that uſeful and natural Way of applying and profiting by the public Money, *viz.* the diffuſing it, by Way of Diſcount, among the Traders of the Country, and thereby adminiſtring Oil to the Wheels of our Commerce. Another, ——That much greater Sums could be lent out in this Way than in diſcounting; and ſome of them have availed themſelves of this open for Loans, to a Degree, ſo extravagant, as much to exceed the Amounts of all their Lodgments; which they were enabled to do by that unbounded Credit that was given to their Notes: So that, although they had no Money to lend, they were under no Neceſſity of refuſing the Profit which would accrue by complying with the Requeſt

of

of any Gentleman, to lend him a large Sum on the Mortgage of his Eſtate; they iſſued out their own Notes to him for the Sum demanded: Thus the Bankers made immenſe Profits by their Credit, and enlarged the Amount of their Notes circulating thereon to the moſt extravagant Degree. But theſe Proceedings, though highly beneficial to the Bankers, in the improvement of their private Fortunes, have been the chief Cauſe of all the Calamities they have wantonly brought upon this Nation: For by theſe Means the Amount of their Notes was ſo far increaſed, beyond any juſt Proportion to the Funds that could ſerve for their Payment, when called upon, that upon any extraordinary Demand for Caſh for their Notes, which Demand, Suſpicion alone will often occaſion, and a Variety of other Cauſes that often have exiſted, and ever muſt exiſt, will frequently produce; they have not only been reduced to the greateſt Diſtreſs, but often obliged to ſhut their Doors; of this we have had frequent and fatal Experience within theſe five Years laſt paſt, in which Space no fewer than ſix Bankers have become Bankrupts, owing, at the Time of their ſeveral Failures, a Sum very little ſhort of one Million: A Sum exceeding the higheſt Computation that has ever been made

made of the current Specie of this Kingdom. This ſhort Review of Facts, muſt, I think, convince every Man, that will give himſelf the leaſt Time to reflect on them, That Bankers, on the late footing, can never ſupport their Payments, and conſequently can never be of Service; but on the contrary, if continued, muſt bring upon this Country a Repetition of the ſame Misfortunes they have already ſo over-burdened it with; and that it would be the higheſt Inſtance of Folly and Self-Flattery, to imagine That Bankers who may ſet up, hereafter, upon the ſame Conſtitution, and left at the ſame Liberty, would not, at the Hazard of the publick Diſtreſs, take the ſame Methods to encreaſe their own Fortunes. The Nation has had already Trials of Men of all Characters and Circumſtances, of Men of private Temperance and Oeconomy, of Men of Profuſion and Luxury, of Merchants, Gentlemen, and Lawyers, of thoſe poſſeſſed of large perſonal Fortunes, and thoſe of large Eſtates, of Gentlemen in private Stations, and Gentlemen elevated to publick Dignities. All theſe have failed; and will not ſuch fail again? Does not the very Nature of the late Form of Banking-Buſineſs ſubject them to a neceſſary Stoppage of Payment, ſooner or later? And ſhall it be ſuppoſed

poſed that the ſame Cauſes will not, in future, have the ſame Effects that paſt Experience has evidenced are their natural Reſult?

It therefore behoves the Publick, inſtead of purſuing temporary Expedients of Aſſociations always broke thro', or offering Securities or Endorſements, which, as they cannot procure immediate Payment, will never give a general or laſting Currency to the Notes of tottering Bankers; to rouſe themſelves from that Lethargy in which they have too long ſupinely ſlept, and no longer to dream of applying Remedies for the cure of a Body ſo thoroughly diſeaſed, and whoſe Diſorders ariſe from the bad Formation of it's own Conſtitution; but on the contrary, to quit entirely having any Communication with ſo contagious a Carcaſe, and by that Means prevent any farther bad Effects flowing therefrom, to the ſickening the Conſtitution of the Nation.

As the Method I ſhall take the Liberty to propoſe to the ſerious and impartial Conſideration of the Publick, will reſtrain our Paper-Credit to a much narrower Compaſs than it has fill'd theſe many Years paſt, I think this a proper Place to endeavour to demonſtrate,

ſtrate, that no Dimunition to the real Riches of this Country, will be occaſioned by ſuch Reſtriction; but, on the contrary, an Increaſe will flow in upon us; and that the continuing the immenſe and unlimited Extent of Paper-Circulation, that exiſted a few Years ago, would have the moſt miſchievous Conſequences to this Nation.

Whatever is ſubſtituted, in any Country, in the Lieu of Money, and circulates as ſuch, has the ſame Effect as the ſame Quantity of real Money would have, in riſing the Price of Land, and in Conſequence, the Price of Labour, by which Means the Price of the Manufactures of ſuch Country are raiſed; which deprives them of the Ability of ſupplying foreign Markets on equal Terms with other Countries, where the Materials of Manufacture and Labour are not ſo high. The Effect this muſt have on the principal Manufacture of this Kingdom [Linen Cloth] may be eaſily conceived; and ſo much Paper-Money circulating therein, has been, in my Opinion, one principal Cauſe of its not being more univerſally diffuſed thro' the World; whereas, was this Quantity of Paper-Money leſſened, it would come to Market

 cheaper,

cheaper, the Demand from foreign Countries would become greater, and Markets might be ſupplied with it where it is now excluded, on Account of their receiving it on cheaper Terms from other Countries, where they have not Bank Notes to raiſe their Proviſions and Labour. Thus our Linen Manufacture would receive a conſiderable Increaſe, and enrich the Nation more than it does at preſent.

Another Evil that attended the immenſe Quantity of Paper-Money that circulated in this Kingdom, was, that our Importations were much increaſed thereby, and conſequently a great deal of our real Money exported, to pay for them, to thoſe Countries which had a Balance of Trade againſt us, and which is the ſame Thing as to the Quantity of Specie of the Kingdom; a much leſs Sum of Caſh, imported for our Exportations, from thoſe Countries againſt which we had a Ballance of Trade, than there would have been, had we not imported from them ſo many Articles of Luxury. To convince the Reader, that this muſt be the Effect of ſo great a Quantity of Paper-Money, it will only be neceſſary for him to recollect what has been before related, as one of the deſtructive Methods whereby the Bankers encreaſed it to ſuch an unbounded and danger-

ous

ous Degree, *viz.* That of iſſuing to the landed Gentleman, large Sums of their Notes for a Mortgage on his Eſtate, whereby this Gentleman was enabled to ſpend, in one Year, three, four, or five Times the Income of his Eſtate; and as ſuch extraordinary Expences are, almoſt entirely, laid out in Articles of Luxury, of foreign Growth; to ſupply this Demand great Quantities were imported, our real Caſh went out to pay for them, the Bank Notes remained with us, and when Caſh was demanded by the Holders thereof, Payment could not be made; the Caſh was drained away. —— Thus a Paper Subſtitute for Money, when very extenſive, has a natural Tendency to Export the real Caſh of a Country, and is the very Cauſe of the Iſſuers thereof being unable to pay them.

It is, however, almoſt the univerſal Opinion of Perſons of all Ranks and Occupations, that there is not ſufficient Specie, now remaining, in the Kingdom, to carry on the Trade thereof: I ſhall not pretend to controvert that univerſal Sentiment, altho' it is a Doubt with me, whether it is well-founded. Of this, however, I am certain, that to carry on the Trade thereof, to the

enriching the Country, there is by no Means demanded ſuch immenſe Sums of Paper-Money as circulated, in this Kingdom, a few Years ago: Experience evidences this Aſſertion; for in theſe two Years laſt paſt, it is notorious, that there has not been any Thing near an equal Sum of Bank Notes circulating as in the Years preceding; yet it is equally certain, that in this Period of Time, the Exportation of the principal Manufacture of Linen Cloth has been greatly encreaſed; and, according to the moſt exact Informations I have been able to procure, has been above one third more, than it was about ſix Years ago, when the greateſt Quantity of Paper-Money was circulating in the Kingdom. I think it muſt be alſo allowed, that, during the ſame Period of theſe two laſt Years, the Importations of this Kingdom have conſiderably leſſened; in what Proportion I have not been able to receive any exact Information; and, indeed, muſt be very difficult to determine, however it has been great enough to be viſible: From this true State of our Trade, during that Time, it follows by clear Deduction, that there is more real Wealth in the Nation this Day than there was, when the greateſt

Quantity

Quantity of Bank Notes circulated in this Kingdom; and this I will venture to aſſert, unleſs there have been ſome large, ſecret and unnatural Drains; Drains of our Specie not occaſioned by the Courſe of Trade, and of this I know nothing: But this I am thoroughly convinced of, that ſuch unnatural and iniquitous Exportations of our Specie, may be much eaſier and more ſecretly accompliſhed, in a Country abounding with Paper-Money, which may be ſoon coined to ſupply a Deficiency occaſioned by ſuch Methods, than where ſuch a Subſtitute could not be framed, to blind the Eyes of the plundered People.

Having now urged ſome Arguments to illuſtrate the Miſchiefs attending too copious a Circulation of Paper-Money, *viz.* The riſeſing the Price, and conſequently the leſſening the Exportation of Manufactures, and, the encreaſing the Importation of foreign Luxuries, conſequently leſſening the real Wealth of the Kingdom. And having alſo proved, from late Experience, that much leſs Paper-Money than has been formerly current, is neceſſary to carry on the Trade of the Nation, in a Manner moſt

moſt productive of real Wealth, the End and Deſign of all Trade;—— Which laſt Article will be much ſtrengthened by what will appear from the following Scheme, propoſed to be adopted in Lieu of the late Form of Banks; as by it moſt of the Money raiſed by Bankers Notes, will be immediately applied to the Advancement of Trade: I ſhall now proceed, with all due Deference, to lay before the Publick a Scheme for reviving ſo much of Paper-Circulation, as will, in my Opinion, be advantageous to the Nation.

That the Wiſdom of the Legiſlature provide a Law, that would have the following Effects.

1ſt. That no Perſon or Perſons, who ſhall not be poſſeſſed of real or perſonal Eſtates, to the Value of, at leaſt, forty thouſand Pounds, ſhould preſume to follow the Trade of Banking.

2d. That no Perſon or Perſons, following the ſaid Trade of Banking, ſhould at any Time, lend upon Mortgages of Eſtates, or any other Securities, that are not convertible into Caſh within the Space of ſix Months

Months from the Time of lending the Money, above one half of their capital Stock.

3d. That they ſhould not, at any Time, lend more Money upon Securities that could be converted into Caſh, within the limited Time of ſix Months, or in any other Manner whatſoever, than double the Amount of their real Capital Stock; ſo that if they have a Capital Stock of 40,000l. they ſhall be at Liberty to lend out an equal Sum of the Money lodged with them by the Publick, and no more.

4th. That neither they, nor any for them, ſhould follow any other Trade or Buſineſs than that of Banking.

Will not the firſt Clauſe be a Security to the Publick, that none but Men of Fortune ſhall engage in the Buſineſs of Banking?

Will not the Second, put it out of the Power of Bankers, to lend the Publick-Money in ſuch a Manner that it cannot be called in for a long and uncertain Space of Time, and be the beſt Means of preventing their ſtopping Payment upon any extraordinary Demand for Caſh, as they will, by this Means, always

always have a Rotation of Securities turning into Caſh?

Will not the third Clauſe prevent their lending ſuch large Sums of Money, as may endanger their becoming inſolvent, and yet allow them a ſufficient Recompence for the Trouble attending their Buſineſs; and will it not alſo engage the moſt opulent to follow the Trade, as the greater their Capital Stock is, the more of the Publick Money they are allowed to lend at Intereſt for their private Advantage? And will not theſe Reſtrictions remedy the Evils attending too extenſive a Paper Subſtitute for Money, and yet allow of a ſufficient Quantity for the Support of the advantageous Part of the Trade of this Kingdom, as the greateſt Part of the Paper-Currency, raiſed on this Scheme, will be, from its very Birth, applied to the Uſes of Trade?

The Writer doubts not but there will be many Objections offered to this Scheme, by thoſe whoſe private Intereſts will be affected thereby; and ſome by thoſe who cannot frame in their Minds the Method of carrying it into Execution, which, indeed, it muſt be acknowledged, will require the mature Conſiderations

ſideration of the wiſeſt Heads in the Nation, but that it is practicable, he has no Doubt, no more than he has, that if it ſhould be approved of by the Legiſlature, they will apply that Wiſdom and Abilities, for which they are ſo remarkable, to the improving on theſe Hints, and providing the moſt effectual Method for carrying them into Execution; all he ſhall preſume to add, as to the Method of carrying it into Execution is, to obviate one Objection, that may be raiſed, as to the Impoſſibility of knowing, whether the Law was complied with, is, that Bankers might, hereafter, be obliged to deliver in upon Oath, at one or two ſtated Days in each Year, to ſuch as might be appointed, a true State of their Bank, expreſſing the Nature and Amount of all their Securities, by which Means their Non-compliance might be diſcovered, and the Pains and Penalties, that might be neceſſary to inflict on them, be put in Force.

The Writer hopes for the kind Indulgence of his Reader, for the Looſeneſs of the Method and Defect of Style, in the foregoing Sheets, as he was obliged to write them in a few Hours ſtolen from a Hurry of Buſineſs.

FINIS.

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